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DE RUEHC #2476 3570002
ZNR UUUUU ZZH
R 221918Z DEC 06
FM SECSTATE WASHDC
TO RUEHSF/AMEMBASSY SOFIA 7508
RUEHBM/AMEMBASSY BUCHAREST 5187
INFO RUEHBS/USEU BRUSSELS

UNCLAS STATE 202476

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E.O. 12958: N/A

TAGS: [EAID](#) [ECON](#) [ETRD](#)

SUBJECT: BULGARIA AND ROMANIA WILL NO LONGER BE DESIGNATED
AS GSP BENEFICIARIES UPON EU ACCESSION

¶1. This is an action request, please see paragraph 2.

¶2. Bulgaria and Romania currently receive benefits under the U.S. Generalized System of Benefits (GSP) program, which provides for duty-free export to the U.S. for 3,400 products.

Both countries are also scheduled to become European Union (EU) member states in January 2007. Under the GSP authorizing statute, EU member states may not be designated as beneficiary developing countries for purposes of the GSP. An upcoming Presidential proclamation will announce that Bulgaria and Romania are no longer designated as GSP beneficiaries, effective for each country on the day that it becomes an EU Member State. While the exact release date of the proclamation is not yet certain, publication is expected before December 31, 2006. Posts are requested to inform host governments of the upcoming Presidential proclamation, which will result in the loss of each country's GSP benefits upon accession to the EU.

Background

¶3. Sections 501 and 502(a)(1) of the Trade Act of 1974 (19 U.S.C. 2461, 2462(a)(1)), as amended, authorize the President to designate countries as beneficiary developing countries for purposes of GSP. Section 502(b)(1)(C) of the Act (19 U.S.C. 2462(b)(1)(C)) specifies that European Union member states may not be designated as beneficiary developing countries for purposes of GSP. As a result, each country may not be designated as beneficiary developing countries for purposes of the GSP, effective upon each country's accession to the EU, which are both scheduled for January 1, 2007.

¶4. This proclamation with respect to Bulgaria and Romania is not without precedent. In 2004, the President proclaimed that the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, and Slovakia were no longer GSP beneficiaries when they acceded to the EU.

¶5. Full background on the GSP program can be found at <http://www.ustr.gov>

¶6. Follow up inquiries may be directed to Aaron Scheibe in EB's Office of Multilateral Trade Affairs. Mr. Scheibe may be reached via email at ScheibeAP@state.gov, or at (202) 647-8202.

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